(c) Government has indicated that it would consider specific proposals from nationalised banks as emanating from the management of the banks themselves with Government playing a supportive role as the common shareholder.

Guidelines for FII investment in stocks and shares

2846. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) what are the guidelines and regulations in respect of FII investment in stocks and shares in the country;

(b) whether Government are considering to impose a tax on FIIs to curb volatility in the stock market and whether FIIs would be screened to ensure quality of their inflows;

(c) if so, the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Securities and Exchange Board of India has informed that FII investments in Indian securities markets are governed and regulated by the following:-

(i) the provisions of Securities and Exchange Board of India Act, 1992;

(ii) Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995;

(iii) the provisions of Foreign Exchange Management Act, 1999.

FIIs are also required to ensure compliance with the guidelines/directives/ instructions etc. issued by SEBI or the Reserve Bank of India or the Government of India from time to time relating to the activities carried on by them.

(b) Government is not presently considering imposition of tax on FIIs. Regarding ensuring qualities of inflows, Acts, regulations, instructions and guidelines mentioned in reply to part (a) above have to be followed by FIIs.

(c) Does not arise.